

Statement of Robert Masuda

On February 9, 2007, Hilton J. Lui contacted Robert Masuda, First Deputy, Department of Land and Natural Resources (DLNR). Upon contact Masuda was informed by Lui that he has been retained as an Investigator for the Hawaii State Ethics Commission whose Executive Director is Dan Mollway.

Masuda advised Dennis Ihara told him that Lui would be contacting him. Masuda advised that their boss, Peter Young, the Chairman of the DLNR had instructed him and Ihara that they should not be spending their time investigating and it should be turned over to the AG for investigation.

Masuda advised he has confidence in the Lange Group and was informed that they did not have a conflict (with any prior dealing with any title company).

Masuda advised by written communication to Peter Young he has made clear that the administration need to work with the union to get its goals accomplished. Masuda also addressed some practices and that preferential treatment that has taken place need to be changed where some employees may be personally benefiting. Masuda add he noted that unless this stops it can viewed as a State sanctioned monopoly. This is the matter that has been referred to the Attorney General's office.

Masuda acknowledges that part of the problem is Carl Watanabe and he would like to get Watanabe reassigned elsewhere but Young doesn't support him for whatever reason.

Masuda advised relative to employees providing preferential treatment he does not believe they may

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be getting cash but his intuition is by possibly supplementing trips to keep their people in line.

Masuda advised relative to properly accounting for companies and individuals to use and pay for their services provided, he had Dennis Ihara with the assigned AG investigator properly review the contracts for each entity. Masuda added they will re-issue the contracts. This will initiate documents whereby accountability can be placed.

Masuda also discussed outside use of their system by someone who is not an employee whereby passwords are given by an employee will not be tolerated and should be grounds for dismissal. Masuda advised in rectifying this matter he had asked Nani Lindsey of the Lange Group to check the system to find out who had entered their system. Masuda further asked Lindsey to cancel all current passwords and reissue new ones. Masuda advised that he has already instructed Lindsey to have the system record any IP addresses that make entry into their system. Their employees now can only have access to their system from their own workstation or computer using their password and cannot use it anywhere else.

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On February 16, 2007, Dennis Ihara, Assistant Registrar, Bureau of Conveyances, Department of Land and Natural Resources provided to Hilton J. Lui the attached documents which was forwarded by the U. S. Mail. Ihara's documents consisted of four separate as noted by the memo dated January 24, 2007 to Dennis Naganuma, Investigator, Department of the Attorney General.

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